

## IRREVOCABLE UNDERTAKING

To:

**Golden Lincoln Holdings I Limited**, a company incorporated in the Cayman Islands with limited liability (the *Offeror*)

**New Era Investments Limited**, a company incorporated in the Cayman Islands with limited liability (the *Fung Shareholder*)

**GLP Golden Lincoln A Holdings Limited**, a company incorporated in the Cayman Islands with limited liability

**GLP Golden Lincoln B Holdings Limited**, a company incorporated in the Cayman Islands with limited liability (collectively with Fung Shareholder and GLP Golden Lincoln A Holdings Limited, the *Other Investors*)

20 March 2020

Dear Sirs,

### **Scheme for Li & Fung Limited (the *Company*)**

The Other Investors and I, through the Offeror, are proposing to privatise the Company (*Proposal*), by way of a scheme of arrangement under section 99 of the Companies Act 1981 of Bermuda (*Scheme*) pursuant to which all of the ordinary shares in the share capital of the Company (*Shares*) will be cancelled, in accordance with the terms and subject to the conditions of the attached draft announcement (the *Rule 3.5 Announcement*).

### **Shareholdings**

1. I warrant to the Other Investors and the Offeror as at the date of this undertaking, on the date of despatch (*Date of Despatch*) of the scheme document to the shareholders of the Company in connection with the Scheme (the *Scheme Document*) and on the date on which the Scheme becomes effective, that:

I am the registered holder of 178,276,060 Shares which are each fully paid or credited as fully paid and which have been properly and validly allotted and issued, and that I hold these Shares free of any lien, pledge, encumbrance, charge (fixed or floating), mortgage, third party claim, debenture, option, right of pre-emption, right to acquire, assignment by way of security, trust arrangement for the purpose of providing security or other security interests of any kind securing any obligation of any person or any agreement or arrangement having a similar effect (*Encumbrances*);

- (a) set out below are complete and accurate details of all rights I may have to subscribe for, purchase or otherwise acquire any securities of the Company:

| No. of share awards granted under the share award scheme adopted by the Company on 21 May 2015 ( <i>Share Awards</i> ) | No. of ordinary shares in the Company which the Share Awards entitle the grantee to receive upon vesting |
|--|--|
| 1,168,200  | 1,168,200  |

- (b) other than as set out in this paragraph 1, I do not have any interest (as defined in the Hong Kong Code on Takeovers and Mergers (the *Code*)) in any securities of the Company or any rights to subscribe for, purchase or otherwise acquire any such securities;
- (c) I have full power and authority to enter into this undertaking and to perform the obligations under it;
- (d) this undertaking (when executed) constitutes valid, binding and enforceable obligations on me, enforceable in accordance with its terms (except as such enforceability may be limited under applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or similar laws of general applicability relating to or affecting creditors' rights and to general equitable principles);
- (e) the execution, delivery and performance by me of my obligations under this undertaking does not and will not constitute a default or breach under any provision of: (i) any order, judgment, decree or regulation or any other restriction of any kind by which I am bound or submit to; or (ii) any agreement, instrument or contract to which I am a party or by which I am bound; and
- (f) other than as set out in the conditions under the section headed "*Conditions of the Proposal*" in the Rule 3.5 Announcement, the execution, delivery and performance by me of my obligations under this undertaking will not require me to obtain any consent or approval of, or give any notice to or make any registration with any relevant government, administrative, supervisory, judicial, determinative, disciplinary, enforcement or tax raising body, agency or regulatory body, or court, tribunal, arbitrator or governmental agency or authority or department, which has not been obtained or made at the date of this undertaking both on an unconditional basis and on a basis which cannot be revoked (save pursuant to any legal or regulatory requirement to revoke the same other than by reason of any misrepresentation or misstatement).

### **Irrevocable Undertaking**

2. I irrevocably undertake:

- (a) to agree to and assist in implementing, on the date on which the Scheme becomes effective, the cancellation of the Shares referred to in paragraph 0 above and any other Shares which I may acquire on or after the date of this undertaking (collectively, the *Offeree Shares*) under the Scheme in consideration for crediting the then unpaid Fung Shareholder Shares issued to me as fully paid in the amount of the Cancellation Price per Fung Shareholder Share;
- (b) to the extent permitted by applicable laws and regulations (including the Code), in respect of all of the Offeree Shares, to vote in favour of any resolutions proposed at the SGM to implement the Scheme or which are necessary for the Scheme to become effective; and
- (c) to provide undertakings to the Court to agree to and be bound by the Scheme and to have the then unpaid Fung Shareholder Shares issued to me credited as fully paid in consideration for the cancellation of the Offeree Shares under the Scheme, *in lieu* of a class meeting of me and other shareholders of the Company receiving the same form of consideration to approve the Scheme,

in each case in accordance with the terms and subject to the conditions to be set out in the Scheme Document.

In this paragraph, (i) *Fung Shareholder Shares* means 178,276,060 shares in the capital of the Fung Shareholder, legally owned by me as at the date of this undertaking; and (ii) *Cancellation Price* means HK\$1.25 for every Share cancelled under the Scheme.

### **Dealings and undertakings**

3. I undertake to the Offeror and the Other Investors that before the Proposal becomes effective, lapses or is withdrawn or until this undertaking otherwise lapses in accordance with its terms, and other than in connection with the Scheme or pursuant to this undertaking, I shall not:

- (a) sell, transfer, charge, create any Encumbrance over, grant any option over, or otherwise dispose of any interest in, any Offeree Shares;
- (b) accept any offer made to acquire the Offeree Shares in competition with the Scheme;
- (c) vote in favour of any resolution to approve any scheme of arrangement of the Company which is proposed in competition with the Scheme;
- (d) enter into any agreement in respect of the votes or other rights attached to any of the Offeree Shares (other than this undertaking);
- (e) acquire any interests or otherwise deal or undertake any dealing in any relevant securities of the Company without the prior written consent of the Other Investors and the Offeror, other than pursuant to the vesting of the Share Awards set out in paragraph 0 above; or

- (f) enter into any agreement or arrangement, incur any obligation or give any indication of intent:
  - (i) to do any of the acts referred to in paragraphs 3(a) to 3(d); or
  - (ii) in relation to, or operating by reference to, the Offeree Shares,

and for the avoidance of doubt, references in this paragraph 3(f) to any agreement, arrangement, obligation or indication of intent includes any agreement, arrangement, obligation or indication of intent whether or not legally binding or subject to any condition or which is to take effect upon or following closing or lapsing of the Scheme or if this undertaking ceases to be binding or following any other event.

4. I undertake to the Offeror and the Other Investors that if and to the extent the Offeree Shares are held in the Central Clearing and Settlement System established and operated by the Hong Kong Securities Company Limited (**CCASS**), I shall promptly take all necessary actions to withdraw the Offeree Shares from CCASS if required to give effect to this undertaking.

#### **Voting Rights and Prejudicial Action**

5. Without prejudice to my obligations in paragraph 3 above, to the extent permitted under applicable laws and regulations (including the Code):

- (a) I shall not exercise any of the voting rights attached to the Offeree Shares held by me other than in accordance with this undertaking;
- (b) I shall exercise (or procure the exercise of) the voting rights attached to the Offeree Shares on any resolution which would assist implementation of the Proposal and the Scheme if it were passed or rejected at a general or other meeting of the shareholders of the Company in such a way which will facilitate implementation of the Proposal and the Scheme;
- (c) I shall exercise (or procure the exercise of) the voting rights attached to the Offeree Shares against any resolution which (i) might prevent or delay implementation of the Proposal and the Scheme, or (ii) purports to approve or give effect to a proposal by a person other than the Offeror, to acquire (or have issued to it) any Offeree Shares, as the case may be (in each case whether by way of offer, scheme of arrangement or otherwise);
- (d) except to the extent required under the Code, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or any applicable laws or regulations, I shall not take any action or make any statement which may reasonably be likely to have the effect of preventing or delaying, disrupting or otherwise causing the Scheme not to become effective at the earliest practicable time or at all, or which is or may reasonably be likely to be prejudicial to the success of the Scheme; and
- (e) I shall not approve any frustrating action (as such term is defined pursuant to Rule 4 of the Code) proposed by the board of the Company.

## Documentation

6. I consent to:

- (a) this undertaking being disclosed to the Securities and Futures Commission (*SFC*);
- (b) the inclusion of references to me (and persons acting in concert with me (as defined under the Code, and subject to such exclusions of any presumed concert parties as may be agreed with the SFC)), and particulars of this undertaking and my holdings of relevant securities of the Company being included in the Rule 3.5 Announcement and the Scheme Document, and any other announcement made, or document issued, by or on behalf of the Offeror in connection with the Scheme; and
- (c) this undertaking being available for inspection as required by Rule 8 of the Code.

7. I shall promptly give the Offeror all information and any assistance as the Offeror may reasonably require for the preparation of the Rule 3.5 Announcement, the Scheme Document and any other announcement to be made, or document to be issued, by or on behalf of the Offeror in connection with the Scheme in order to comply with the requirements of the Code, the SFC, The Stock Exchange of Hong Kong Limited (the *Hong Kong Stock Exchange*) or any other legal or regulatory requirement or body. I shall immediately notify you in writing of any change in the accuracy of any information previously given to you.

## Secrecy

8. I shall keep secret the possibility, terms and conditions of the Proposal and the Scheme and any related matters (including in relation to the Offeror and the Other Investors), and the existence of this undertaking, until the Rule 3.5 Announcement is released, provided that nothing in this paragraph 8 shall restrict the disclosure of information by me:

- (a) if required by applicable laws or regulations or the requirements of the SFC, or the Hong Kong Stock Exchange or any other authority;
- (b) to any authority on a confidential basis for the purpose of applying for any tax reporting matters or obtaining any approvals required in relation to the Proposal and the Scheme; or
- (c) to my professional advisers on a need to know and strictly confidential basis, provided that such individual (i) is under a similar obligation of confidentiality; or (ii) is otherwise under a binding professional obligation of confidentiality.

The obligations in this paragraph shall survive termination of this undertaking.

I understand that the information that the Offeror has given to me in relation to the Proposal must be kept confidential until the Rule 3.5 Announcement is released or the information has otherwise become generally available. To the extent any of the information is inside information for the purposes of applicable laws or regulations, I will comply with the applicable restrictions on dealing in securities and disclosing inside information.

9. If, in the course of implementing the Scheme, the Offeror revises the terms of the Scheme, I agree that this undertaking will extend to any revised or improved offer.

### **Interpretation**

10. In this undertaking:

- (a) **Court** means the Supreme Court of Bermuda;
- (b) **SGM** means a special general meeting of the shareholders of the Company to be convened for the purpose of passing all necessary resolutions for, among other things, the implementation of the Scheme; and
- (c) references to the **Scheme** also includes any new, increased, renewed or revised scheme of arrangement for the acquisition by the Offeror of shares in the Company.

### **Time of the Essence**

11. Any time, date or period mentioned in this undertaking may be extended by mutual agreement but as regards any time, date or period originally fixed or as extended, time shall be of the essence.

### **Lapse of undertaking**

12. This undertaking shall lapse and terminate immediately if:

- (a) the Proposal and the Scheme are not implemented by the Long Stop Date (as defined in the Rule 3.5 Announcement);
- (b) the Scheme is not approved at the Court convened meeting or the SGM; or
- (c) the Proposal lapses or is withdrawn.

If this undertaking lapses and terminates in accordance with its terms, I shall have no claim against the Offeror and the Other Investors and the Offeror and the Other Investors shall have no claim against me, save that: (i) the provisions of paragraphs 8, 10 to 16 (inclusive) and 18 shall survive and continue to apply in full force and effect thereafter; and (ii) such lapsing and termination shall be without prejudice to the Offeror and the Other Investors' accrued rights and remedies under this undertaking as at the date of such lapsing and termination.

## **Specific Performance**

13. For the avoidance of doubt, no deed, agreement, arrangement or undertaking between the Company and the Offeror in relation to the Proposal and the Scheme shall prejudice or affect any remedies available to the Other Investors and the Offeror (including their right to seek remedies of specific performance and other equitable relief) for breach of this undertaking.

## **Notices**

14. A notice or other communication under or in connection with this undertaking (a *Notice*) shall be in writing; in the English language; and delivered personally or sent by registered post (or by air mail if the recipient is overseas) or by fax to me at the relevant address or facsimile number set out in paragraph 16.

15. Unless there is evidence that it was received earlier, a Notice is deemed to be given if:

- (a) delivered personally, on delivery at the address referred to in paragraph 16;
- (b) sent by courier, two Business Days after posting it; and
- (c) sent by fax, when confirmation of its error-free transmission has been recorded by the sender's fax machine.

16. For the purpose of paragraphs 14 and 15, Notices to me shall be sent as follows:

Address: 11/F, LiFung Tower  
888 Cheung Sha Wan Road  
Kowloon  
Hong Kong  
Email: legalnotices@fung1937.com  
Attention: Group General Counsel

## **Further Assurance**

17. I agree (so far as I am legally able) to perform (or procure the performance of) all further acts and things, and execute and deliver (or procure the execution and delivery of) such further documents, as may be required by applicable laws or regulations to implement and/or give effect to this undertaking.

## **Governing Law**

18. This undertaking shall be governed by and construed in accordance with Hong Kong law and I submit to the exclusive jurisdiction of the Hong Kong courts for all purposes in connection with this undertaking.

**SCHEDULE**  
**RULE 3.5 ANNOUNCEMENT**



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**GOLDEN LINCOLN HOLDINGS I  
LIMITED**

*(incorporated in the Cayman Islands with limited  
liability)*



**LI & FUNG LIMITED**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 0494)**

**JOINT ANNOUNCEMENT**

**(1) PROPOSAL FOR THE PRIVATISATION OF  
LI & FUNG LIMITED BY THE OFFEROR  
BY WAY OF**

**A SCHEME OF ARRANGEMENT  
UNDER SECTION 99 OF THE COMPANIES ACT**

**(2) PROPOSED WITHDRAWAL OF LISTING OF  
LI & FUNG LIMITED**

**(3) ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE**

**Financial Adviser to the Offeror**  
**Morgan Stanley**  
**Morgan Stanley Asia Limited**

**Financial Adviser to the Company**



**Citigroup Global Markets Asia Limited**

**Financial Adviser to Fung Holdings  
(1937) Limited**

**Goldman  
Sachs**

**Goldman Sachs (Asia) L.L.C.**

## **INTRODUCTION**

The respective directors of the Offeror and the Company jointly announce that on 20 March 2020, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under section 99 of the Companies Act.

## **TERMS OF THE PROPOSAL**

If the Proposal is approved and implemented:

- (a) the Founder Scheme Shares held by the Founder Group will be cancelled in consideration for the Founder Cancellation Consideration, being the crediting of the unpaid Fung Shareholder Shares held by them in the Fung Shareholder (an entity that indirectly holds 32.33% of the Offeror's shares) as being fully paid in the amount of the Cancellation Price of HK\$1.25 per Fung Shareholder Share;
- (b) all other Scheme Shares will be cancelled in consideration for the Cancellation Price of HK\$1.25 per Scheme Share which shall be paid in cash;
- (c) new Shares corresponding to the cancelled Scheme Shares will be issued to the Offeror, credited as fully paid, such that the Company will become wholly-owned by the Offeror; and
- (d) the listing of the Shares on the Stock Exchange will be withdrawn with effect immediately following the Effective Date.

## **Cancellation Price per Scheme Share**

The Cancellation Price of HK\$1.25 per Scheme Share represents:

- (a) a premium of approximately 150.0% over the closing price of HK\$0.500 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (b) a premium of approximately 157.7% over the average closing price of approximately HK\$0.485 per Share as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Date;
- (c) a premium of approximately 95.2% over the average closing price of approximately HK\$0.641 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Date;
- (d) a premium of approximately 72.7% over the average closing price of approximately HK\$0.724 per Share as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Date;
- (e) a premium of approximately 62.1% over the average closing price of approximately HK\$0.771 per Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Date;
- (f) a premium of approximately 57.0% over the average closing price of approximately HK\$0.796 per Share as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Date;

- (g) a premium of approximately 43.8% over the average closing price of approximately HK\$0.869 per Share as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Date; and
- (h) a premium of approximately 8.2% to the audited consolidated net asset value attributable to Shareholders per Share of approximately HK\$1.155 as at 31 December 2019 (based on an exchange rate of US\$1.0 = HK\$7.80).

The Cancellation Price has been determined on a commercial basis after taking into account, among other things, the challenging operating environment facing the Company, the recent and historic traded prices of the Shares, publicly available financial information of the Company, and other privatisation transactions in Hong Kong in recent years.

**The Offeror will not increase the Cancellation Price and does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.**

#### **CONFIRMATION OF FINANCIAL RESOURCES**

Taking into account that the Founder Scheme Shares will be cancelled in consideration for the Founder Cancellation Consideration, the Proposal will involve making an offer to cancel 5,778,319,530 Scheme Shares, in exchange for the Cancellation Price of HK\$1.25 per Scheme Share in cash.

The total amount of cash required to implement the Proposal in full would be approximately HK\$7,222,899,412.50, which will be funded by the GLP Group through external debt financing and/or internal resources of GLP.

Morgan Stanley, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for satisfying in full its payment obligations in respect of the cash consideration payable under the Proposal.

The Offeror does not intend to and will not require the Company to increase its financial indebtedness to implement the Proposal.

The notes and perpetual securities issued under the US\$2 billion medium term note and perpetual securities programme established by the Company on 11 October 2016 will remain listed on the Singapore Exchange Securities Trading Limited.

#### **CONDITIONS OF THE PROPOSAL AND VOTING**

The Proposal and the Scheme will only become effective and binding on the Company and all of the Shareholders if the following Conditions are fulfilled or waived (as applicable):

- (a) the approval of the Scheme (by way of poll) by a majority in number of the Scheme Shareholders present and voting at the Court Meeting, representing not less than 75% in value of those Scheme Shares that are voted either in person or by proxy by the Scheme Shareholders at the Court Meeting;
- (b) the approval of the Scheme (by way of poll) by at least 75% of the votes attaching to the Scheme Shares held by the Disinterested Shareholders (being

all Scheme Shareholders, other than those acting in concert with the Offeror) that are voted either in person or by proxy at the Court Meeting, provided that the number of votes cast against the resolution to approve the Scheme is not more than 10% of the votes attaching to all of the Scheme Shares held by the Disinterested Shareholders;

- (c) the passing by the Shareholders at the SGM of (i) a special resolution to approve any reduction of the issued share capital of the Company by the cancellation of the Scheme Shares; and (ii) an ordinary resolution to apply the reserve created by the cancellation of the Scheme Shares to simultaneously restore the issued share capital of the Company by the allotment and issue to the Offeror of such number of new Shares (credited as fully paid) as is equal to the number of the Scheme Shares cancelled;
- (d) the sanction of the Scheme (with or without modification) by the Court and the delivery to the Registrar of Companies in Bermuda of a copy of the order of the Court for registration;
- (e) compliance with the procedural requirements and conditions, if any, under section 46(2) of the Companies Act in relation to any reduction of the issued share capital of the Company;
- (f) in relation to the Founder Arrangement (being (a) the receipt by the Founder Group of the Founder Cancellation Consideration in lieu of the Cancellation Price in cash; and (b) the entry by the relevant members of the Founder Group and the GLP Group into the Shareholders' Agreement): (i) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the Founder Arrangement is fair and reasonable as far as the Disinterested Shareholders are concerned; (ii) the passing of an ordinary resolution by the Disinterested Shareholders at the SGM to approve the Founder Arrangement; and (iii) the grant of consent under Note 3 to Rule 25 of the Takeovers Code from the Executive to the Founder Arrangement;
- (g) with respect to any applicable antitrust review in the USA under the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the regulations thereunder, the expiration or termination of any applicable waiting periods (including any extensions thereof) in connection with the Scheme;
- (h) all Approvals which are (i) required in connection with the Proposal by Applicable Laws or any licenses, permits or contractual obligations of the Company; and (ii) material in the context of the Group (taken as a whole), having been obtained (or, as the case may be, completed) and remaining in full force and effect without modification up to and as at the Effective Date;
- (i) no Authority in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order), in each case, which would make the Proposal void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal); and

- (j) all Applicable Laws having been complied with and no legal or regulatory requirement having been imposed by any Authority which is not expressly provided for, or is in addition to the requirements expressly provided for, in the Applicable Laws in connection with the Proposal which are material in the context of the Group (taken as a whole), in each case up to and as at the Effective Date.

The Conditions in paragraphs (a) to (g) (inclusive) above are not waivable. The Offeror reserves the right to waive all or any of the Conditions in paragraphs (h) to (j) (inclusive) in whole or in part. The Company does not have the right to waive any of the Conditions. All of the above Conditions must be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal and the Scheme will lapse.

### **VOTING AT THE COURT MEETING AND THE SGM**

All Scheme Shareholders will be entitled to attend and vote at the Court Meeting to approve the Scheme, but only the votes of the Disinterested Shareholders will be taken into account in determining if the Condition in paragraph (b) above is satisfied.

All Shareholders will be entitled to attend the SGM and vote on the restoration of the share capital of the Company (as described in the Condition in paragraph (c) above), but for the purposes of the Takeovers Code, only the Disinterested Shareholders will be entitled to vote at the SGM on the ordinary resolution to approve the Founder Arrangement.

### **FOUNDER IRREVOCABLE UNDERTAKINGS**

On 20 March 2020, each member of the Founder Group has given an irrevocable undertaking in favour of the Offeror, the Fung Shareholder and the GLP Shareholders to take certain actions, including (among others):

- (a) to agree to and assist in implementing the cancellation of the Founder Scheme Shares held by them in consideration for the Founder Cancellation Consideration; and
- (b) to the extent permitted by applicable laws (including the Takeovers Code), to vote any Shares held by them in favour of any resolutions proposed at the SGM to implement the Scheme or which are necessary for the Scheme to become effective.

### **FOUNDER ARRANGEMENT**

As the Founder Arrangement is not offered to all Shareholders, the Founder Arrangement requires the consent of the Executive under Note 3 to Rule 25 of the Takeovers Code. The Offeror has made an application for consent to the Executive, and the Proposal and the Scheme is subject to fulfilment of the Condition relating to the Founder Arrangement in paragraph (f) above.

### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

An Independent Board Committee, which comprises the following non-executive

Directors: Ms. Margaret Leung Ko May Yee (chair of the Independent Board Committee), Mr. Allan Wong Chi Yun, Mr. Martin Tang Yue Nien, Mr. Chih Tin Cheung and Mr. John G. Rice, has been established by the Board to make a recommendation to the Disinterested Shareholders as to whether (i) the Proposal, and in particular the Scheme and the Founder Arrangement, is fair and reasonable; and (ii) to vote in favour of the Founder Arrangement at the SGM and the Scheme at the Court Meeting.

The Independent Financial Adviser will be appointed by the Board in due course to advise the Independent Board Committee on the Proposal, the Scheme and the Founder Arrangement. A further announcement will be made after the appointment of the Independent Financial Adviser.

### **WITHDRAWAL OF LISTING OF THE SHARES**

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of new Shares being simultaneously issued and credited as fully paid to the Offeror) and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15 of the Listing Rules, with effect immediately following the Effective Date.

### **IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES**

Subject to the requirements of the Takeovers Code, the Scheme will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. If the Scheme is not approved or the Proposal otherwise lapses, the listing of the Shares on the Stock Exchange will not be withdrawn.

### **DESPATCH OF THE SCHEME DOCUMENT**

A Scheme Document including, among other things, further details of the Proposal, the Scheme and the Founder Arrangement, an explanatory statement as required under the Companies Act, the expected timetable relating to the Proposal, the recommendations of the Independent Board Committee, the letter of advice from the Independent Financial Adviser and notices of the Court Meeting and the SGM will be despatched to the Scheme Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code and applicable laws and regulations.

### **WARNINGS**

**Shareholders and potential investors should be aware that the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.**

**This announcement is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Proposal or otherwise, nor shall there be any sale, issuance or transfer of**

**securities of the Company in any jurisdiction in contravention of applicable law. The Proposal will be made solely through the Scheme Document, which will contain the full terms and conditions of the Proposal, including details of how to vote on the Proposal. Any approval or other response to the Proposal should be made only on the basis of information in the Scheme Document and the individual circumstances of the Shareholder making the decision.**

**The availability of the Proposal to persons who are not resident in Hong Kong may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not so resident in Hong Kong should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdictions. Further details in relation to overseas shareholders will be contained in the Scheme Document.**

### *Notice to US investors*

*The Proposal is being made to cancel the securities of a Bermuda company by means of a scheme of arrangement provided for under the laws of Bermuda and is subject to Hong Kong disclosure requirements which are different from those of the United States.*

*A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules of the US Securities Exchange Act of 1934, as amended. Accordingly, the Proposal is subject to the disclosure requirements and practices applicable in Bermuda and Hong Kong to schemes of arrangement which differ from the disclosure and procedural requirements applicable under the US federal securities laws.*

*The receipt of cash pursuant to the Proposal by a US holder of Scheme Shares as consideration for the cancellation of his Scheme Shares pursuant to the Scheme may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each holder of Scheme Shares is urged to consult his independent professional adviser immediately regarding the tax consequences of the Proposal applicable to him.*

*It may be difficult for US holders of Scheme Shares to enforce their rights and claims arising out of the US federal securities laws, since the Offeror and the Company are located in a country other than the United States, and some or all of their officers and directors may be residents of a country other than the United States. US holders of Scheme Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.*

## **INTRODUCTION**

On 20 March 2020, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under section 99 of the Companies Act.

## **TERMS OF THE PROPOSAL**

If the Proposal is approved and implemented:

- (a) the Founder Scheme Shares held by the Founder Group will be cancelled in consideration for the Founder Cancellation Consideration, being the crediting of the unpaid Fung Shareholder Shares held by them in the Fung Shareholder (an entity that indirectly holds 32.33% of the Offeror's shares) as being fully paid in the amount of the Cancellation Price of HK\$1.25 per Fung Shareholder Share;
- (b) all other Scheme Shares will be cancelled in consideration for the Cancellation Price of HK\$1.25 per Scheme Share which shall be paid in cash;
- (c) new Shares corresponding to the cancelled Scheme Shares will be issued to the Offeror, credited as fully paid, such that the Company will become wholly-owned by the Offeror; and
- (d) the listing of the Shares on the Stock Exchange will be withdrawn with effect immediately following the Effective Date.

### **Cancellation Price per Scheme Share**

The Cancellation Price of HK\$1.25 per Scheme Share represents:

- (a) a premium of approximately 150.0% over the closing price of HK\$0.500 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (b) a premium of approximately 157.7% over the average closing price of approximately HK\$0.485 per Share as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Date;
- (c) a premium of approximately 95.2% over the average closing price of approximately HK\$0.641 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Date;
- (d) a premium of approximately 72.7% over the average closing price of approximately HK\$0.724 per Share as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Date;
- (e) a premium of approximately 62.1% over the average closing price of approximately HK\$0.771 per Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Date;
- (f) a premium of approximately 57.0% over the average closing price of approximately HK\$0.796 per Share as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Date;



- (g) a premium of approximately 43.8% over the average closing price of approximately HK\$0.869 per Share as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Date; and
- (h) a premium of approximately 8.2% to the audited consolidated net asset value attributable to Shareholders per Share of approximately HK\$1.155 as at 31 December 2019 (based on an exchange rate of US\$1.0 = HK\$7.80).

### **Highest and lowest prices**

During the six-month period ended on and including the Last Trading Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.940 on 7 November 2019, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.475 on 19 March 2020.

During the twelve-month period ended on and including the Last Trading Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$1.550 on 22 March 2019, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.475 on 19 March 2020.

*In the paragraphs above titled “Cancellation Price per Scheme Share” and “Highest and lowest prices”, the historical closing prices per Share mentioned as quoted on the Stock Exchange were obtained from the website of the Stock Exchange (<http://www.hkex.com.hk>) on the Last Trading Date, and thus have been adjusted for corporate actions and entitlement events including special dividends based on adjustment methods adopted by the Stock Exchange. Please refer to the website of the Stock Exchange for the adjustment method of historical securities prices.*

The Cancellation Price has been determined on a commercial basis after taking into account, among other things, the challenging operating environment facing the Company, the recent and historic traded prices of the Shares, publicly available financial information of the Company, and other privatisation transactions in Hong Kong in recent years.

**The Offeror will not increase the Cancellation Price and does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.**

### **CONFIRMATION OF FINANCIAL RESOURCES**

Taking into account that the Founder Scheme Shares will be cancelled in consideration for the Founder Cancellation Consideration, the Proposal will involve making an offer to cancel 5,778,319,530 Scheme Shares, in exchange for the Cancellation Price of HK\$1.25 per Scheme Share in cash.

The total amount of cash required to implement the Proposal in full would be approximately HK\$7,222,899,412.50, which will be funded by the GLP Group through external debt financing and/or internal resources of GLP.

Morgan Stanley, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for satisfying in full its payment obligations in respect of the cash consideration payable under the Proposal.

The Offeror does not intend to and will not require the Company to increase its financial indebtedness to implement the Proposal.

The notes and perpetual securities issued under the US\$2 billion medium term note and perpetual securities programme established by the Company on 11 October 2016 will remain listed on the Singapore Exchange Securities Trading Limited.

## **CONDITIONS OF THE PROPOSAL**

The Proposal and the Scheme will only become effective and binding on the Company and all of the Shareholders if the following Conditions are fulfilled or waived (as applicable):

- (a) the approval of the Scheme (by way of poll) by a majority in number of the Scheme Shareholders present and voting at the Court Meeting, representing not less than 75% in value of those Scheme Shares that are voted either in person or by proxy by the Scheme Shareholders at the Court Meeting;
- (b) the approval of the Scheme (by way of poll) by at least 75% of the votes attaching to the Scheme Shares held by the Disinterested Shareholders that are voted either in person or by proxy at the Court Meeting, provided that the number of votes cast against the resolution to approve the Scheme is not more than 10% of the votes attaching to all of the Scheme Shares held by the Disinterested Shareholders;
- (c) the passing by the Shareholders at the SGM of (i) a special resolution to approve any reduction of the issued share capital of the Company by the cancellation of the Scheme Shares; and (ii) an ordinary resolution to apply the reserve created by the cancellation of the Scheme Shares to simultaneously restore the issued share capital of the Company by the allotment and issue to the Offeror of such number of new Shares (credited as fully paid) as is equal to the number of the Scheme Shares cancelled;
- (d) the sanction of the Scheme (with or without modification) by the Court and the delivery to the Registrar of Companies in Bermuda of a copy of the order of the Court for registration;
- (e) compliance with the procedural requirements and conditions, if any, under section 46(2) of the Companies Act in relation to any reduction of the issued share capital of the Company;
- (f) in relation to the Founder Arrangement: (i) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the Founder Arrangement is fair and reasonable as far as the Disinterested Shareholders are concerned; (ii) the passing of an ordinary resolution by the Disinterested Shareholders at the SGM to approve the Founder Arrangement; and (iii) the grant of consent under Note 3 to Rule 25 of the Takeovers Code from the Executive to the Founder Arrangement;
- (g) with respect to any applicable antitrust review in the USA under the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the regulations thereunder, the expiration or termination of any applicable

waiting periods (including any extensions thereof) in connection with the Scheme;

- (h) all Approvals which are (i) required in connection with the Proposal by Applicable Laws or any licenses, permits or contractual obligations of the Company; and (ii) material in the context of the Group (taken as a whole), having been obtained (or, as the case may be, completed) and remaining in full force and effect without modification up to and as at the Effective Date;
- (i) no Authority in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order), in each case, which would make the Proposal void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal); and
- (j) all Applicable Laws having been complied with and no legal or regulatory requirement having been imposed by any Authority which is not expressly provided for, or is in addition to the requirements expressly provided for, in the Applicable Laws in connection with the Proposal which are material in the context of the Group (taken as a whole), in each case up to and as at the Effective Date.

The Conditions in paragraphs (a) to (g) (inclusive) above are not waivable. The Offeror reserves the right to waive all or any of the Conditions in paragraphs (h) to (j) (inclusive) in whole or in part. The Company does not have the right to waive any of the Conditions. All of the above Conditions must be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal and the Scheme will lapse.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Proposal if the circumstances which give rise to the right to invoke such Condition are of material significance to the Offeror in the context of the Proposal.

As at the date of this announcement, other than pursuant to the Conditions in paragraphs (a) to (g) (inclusive), the Offeror and the Company are not aware of any circumstances which may result in any of the Conditions in paragraphs (h) to (j) (inclusive) not being satisfied. As at the date of this announcement and based on the information available to the Offeror, the Offeror is also not aware of any Approvals which are required as set out in the Condition in paragraph (h) above.

If the Conditions are satisfied or validly waived (as applicable), the Scheme will be binding on all of the Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the SGM.

**Warning: Shareholders and potential investors should be aware that the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should**

**take should consult their stockbroker, bank manager, solicitor or other professional advisers.**

### **VOTING AT THE COURT MEETING AND THE SGM**

All Scheme Shareholders will be entitled to attend and vote at the Court Meeting to approve the Scheme, but only the votes of the Disinterested Shareholders will be taken into account in determining if the Condition in paragraph (b) above is satisfied.

All Shareholders will be entitled to attend the SGM and vote on the restoration of the share capital of the Company (as described in the Condition in paragraph (c) above), but for the purposes of the Takeovers Code, only the Disinterested Shareholders will be entitled to vote at the SGM on the ordinary resolution to approve the Founder Arrangement.

### **FOUNDER IRREVOCABLE UNDERTAKINGS**

On 20 March 2020, each member of the Founder Group has given an irrevocable undertaking in favour of the Offeror, the Fung Shareholder and the GLP Shareholders:

- (a) to agree to and assist in implementing the cancellation of the Founder Scheme Shares held by them in consideration for the Founder Cancellation Consideration;
- (b) to provide undertakings to the Court to agree to and be bound by the Scheme and to receive the Founder Cancellation Consideration in consideration for cancellation of their Founder Scheme Shares under the Scheme, in lieu of a class meeting of the Founder Group to approve the Scheme;
- (c) to the extent permitted by applicable laws (including the Takeovers Code), to vote any Shares held by them in favour of any resolutions proposed at the SGM to implement the Scheme or which are necessary for the Scheme to become effective; and
- (d) not to: (i) dispose of any interest in any Shares held by them; (ii) accept any other offer to acquire such Shares; or (iii) vote in favour of any resolution which is proposed in competition with the Scheme, until the Scheme becomes effective, lapses or is withdrawn.

The Founder Irrevocable Undertakings will be terminated if the Scheme is not approved or the Proposal otherwise lapses or is withdrawn.

### **ARRANGEMENTS MATERIAL TO THE PROPOSAL**

#### **Founder Arrangement**

As the Founder Arrangement (being (a) the receipt by the Founder Group of the Founder Cancellation Consideration in lieu of the Cancellation Price in cash; and (b) the entry by the relevant members of the Founder Group and the GLP Group into the Shareholders' Agreement) is not offered to all Shareholders, the Founder Arrangement requires the consent of the Executive under Note 3 to Rule 25 of the Takeovers Code, and the Offeror has made an application for consent to the Executive.

The Proposal and the Scheme are therefore subject to:

- (a) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the Founder Arrangement is fair and reasonable as far as the Disinterested Shareholders are concerned;
- (b) the passing of an ordinary resolution by the Disinterested Shareholders at the SGM to approve the Founder Arrangement; and
- (c) the grant of consent from the Executive to the Founder Arrangement, which will be conditional on satisfaction of the matters in paragraphs (a) and (b).

### **Shareholders' Agreement**

On 20 March 2020, Fung 1937, the Fung Shareholder, the GLP Group and HoldCo entered into the Shareholders' Agreement in respect of the governance of the Offeror Group, which is intended to take full effect upon the Scheme becoming effective. A summary of the key terms of the Shareholders' Agreement is set out below:

- (a) **Shareholding.** As further described in the section headed "*Information on the Offeror Group*" below, there are two classes of shares in HoldCo: voting shares and non-voting shares, of which: (i) the Fung Shareholder holds a majority (60%) of the voting shares (but no non-voting shares) and 32.33% of the total shares; (ii) the GLP A Shareholder holds a minority (40%) of the voting shares, and 21.55% of the total shares; and (iii) the GLP B Shareholder holds all of the non-voting shares, and 46.12% of the total shares.
- (b) **Voting rights.** The voting shares shall carry one vote each. The non-voting shares shall not carry any voting rights.
- (c) **Distributions.** All distributions by HoldCo shall be subject to (i) HoldCo having sufficient net profits attributable to the shareholders; (ii) approval of the HoldCo board as to the amount of the distribution; and (iii) a cap on distributions in any given year of 60% of the net profits attributable to the shareholders.
- (d) **Economic rights.** The voting shares and the non-voting shares shall carry the same entitlement to any distributions by HoldCo pro rata to their respective shareholding in HoldCo, provided that:
  - (i) the non-voting shares shall carry a priority over the voting shares on any distributions up to a benchmark of 5% of the subscription price per annum, such that if the amount of the distribution in any given year is not sufficient to cover such 5% dividend on all of the shares, the non-voting shares shall have a priority on payment ahead of the voting shares;
  - (ii) any shortfall on such 5% dividend on the shares in any given year shall accumulate and be rolled into the following year;
  - (iii) the voting shares shall only be entitled to a dividend if there is no accumulated shortfall on the 5% dividend from previous years on the non-voting shares, and a dividend of 3% for that given year has been paid on the non-voting shares; and

- (iv) in exchange for such dividend priority, the non-voting shares shall be subject to a cap on its internal rate of return (IRR). If this cap is passed and maintained, the voting shares shall benefit from an increased entitlement to any subsequent distributions, such that 80% of the distribution that the non-voting shares would otherwise be entitled to receive will be apportioned to the voting shares instead. The amount of the cap on the IRR shall be notified by GLP to Fung 1937 on or before the Effective Date, which shall be no less than 15% and no more than 20%.
- (e) **Board composition.** The Fung Shareholder shall have the right to appoint a majority of the directors on the board of HoldCo, and the GLP A Shareholder shall have the right to appoint a minority of the directors.
- (f) **Reserved matters.** The board of HoldCo will be responsible for the overall direction, supervision and management of the Offeror Group, subject to a limited number of minority protection reserved matters over which the GLP A Shareholder shall have a veto right.
- (g) **Pre-emption rights.** Any new issues of shares by any member of the Offeror Group shall be subject to a right of pre-emption in favour of (i) the Fung Shareholder and the GLP A Shareholder (pro rata to their respective proportionate shareholding of the voting shares) in respect of any new issue of voting shares; and (ii) the GLP B Shareholder in respect of any new issue of non-voting shares.
- (h) **Share transfer restrictions.** The parties shall be subject to a 5-year lock-up in respect of (direct and indirect) transfers of shares in HoldCo. The lock-up is subject to certain customary carve-outs, including a right for (i) GLP to transfer a minority stake in the GLP Shareholders during the lock-up period; (ii) the Fung Shareholder to transfer a minority stake in HoldCo during the lock-up period, provided it continues to hold a majority of the voting shares in HoldCo; and (iii) the parties to transfer their (direct and indirect) shares in HoldCo to controlled affiliates during the lock-up period for internal reorganisation purposes, but provided there is no change to the ultimate beneficial owner.
- (i) **Right of first refusal and tag along.** After the lock-up period, the parties shall have the right to transfer their (direct and indirect) shares in HoldCo subject to reciprocal rights of first refusal and tag-along rights.

### **Consortium Agreement**

On 20 March 2020, Fung 1937, the Fung Shareholder and the GLP Group entered into the Consortium Agreement, pursuant to which the parties have agreed to conduct and implement the Proposal in consultation with one another and for HoldCo to have the shareholding structure as further described in the section headed “*Information on the Offeror Group*” below.

The Consortium Agreement will be terminated if the Scheme is not approved or the Proposal otherwise lapses or is withdrawn.

## **Implementation Agreement**

On 20 March 2020, the Offeror and the Company entered into the Implementation Agreement, pursuant to which the parties have agreed to use all reasonable endeavours to do all such things within their power to implement the Proposal and co-operate to obtain all Approvals required in connection with the Proposal.

Under the Implementation Agreement, the Company has undertaken to the Offeror to:

- (a) use all reasonable endeavours to implement the Scheme;
- (b) procure that, prior to the earlier of the Effective Date and termination of the Implementation Agreement, the Group shall not take certain actions, including (amongst others):
  - (i) carrying on its business, other than in the ordinary and usual course;
  - (ii) issuing any Shares;
  - (iii) entering into any merger or acquiring or disposing of any material assets; and
  - (iv) entering into any transaction with any shareholder and/or director of any member of the Group, other than in the ordinary and usual course.

Nothing in the Implementation Agreement is intended to prevent or deprive: (1) the Shareholders from having the opportunity to consider, or (2) the Company from considering, in each case, any unsolicited alternative offers, proposals or transactions in respect of, or for, the issued ordinary share capital or assets or undertakings (whether the whole or a substantial part) of the Company or the Group from any person other than the Offeror.

The Implementation Agreement will be terminated if the Scheme is not approved or the Proposal otherwise lapses or is withdrawn.

## **Other arrangements**

As at the date of this announcement:

- (a) save for the Proposal, the Scheme, the Founder Arrangement, the Founder Irrevocable Undertakings, the Shareholders' Agreement, the Consortium Agreement and the Implementation Agreement, there is no agreement or arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares or shares of the Offeror or any of its concert parties which might be material to the Proposal;
- (b) there is no agreement or arrangement to which the Offeror or any of its concert parties is a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a Condition to the Proposal;
- (c) save for the Founder Irrevocable Undertakings, neither the Offeror nor its concert parties have received any irrevocable commitment to vote for or against the Proposal; and

- (d) save for the Founder Irrevocable Undertakings and the arrangements disclosed in this section headed “*Arrangements Material to the Proposal*”, there is no understanding, arrangement or agreement or special deal between (1) any Shareholder of the Company; and (2) either (a) the Offeror or any party acting in concert with it (including the Founder Group and the GLP Group); or (b) the Company or the Company’s subsidiaries or associated companies.

## **SHAREHOLDING STRUCTURE OF THE COMPANY**

As at the date of this announcement:

- (a) the issued share capital of the Company comprises 8,538,926,906 Shares;
- (b) the Offeror does not legally or beneficially own, control or have direction over any Shares;
- (c) the Founder Group legally or beneficially owns, controls or has direction over a total of 2,809,465,284 Shares, representing approximately 32.90% of the total Shares, of which the Founder Scheme Shares comprise 2,760,607,376 Shares, representing approximately 32.33% of the total Shares;
- (d) the GLP Group does not legally or beneficially own, control or have direction over any Shares;
- (e) persons acting in concert with the Offeror (other than the Founder Group, the GLP Group, shareholders of GLP and members of the Morgan Stanley group) legally or beneficially own, control or have direction over a total of 28,142,458 Shares, representing approximately 0.33% of the total Shares;
- (f) members of the Morgan Stanley group, being a concert party of the Offeror, do not legally or beneficially own, control or have direction over any Shares (except those members who are exempt principal traders or exempt fund managers for the purpose of the Takeovers Code, provided that any Shares held by any such members must not be voted in the context of the Proposal (including the Founder Arrangement) in accordance with Rule 35.4 of the Takeovers Code);
- (g) the Disinterested Shareholders (being all Scheme Shareholders, other than those acting in concert with the Offeror) legally or beneficially own, control or have direction over a total of 5,701,319,164 Shares, representing approximately 66.77% of the total Shares;
- (h) save as disclosed in the section headed “*Share Awards*” below, there are no securities, warrants or options convertible into Shares held, controlled or directed by the Offeror or its concert parties;
- (i) neither the Offeror nor its concert parties have entered into any outstanding derivative in respect of the securities in the Company; and
- (j) neither the Offeror nor its concert parties have borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.



An announcement will be made by the Offeror and the Company on the shareholding in the Company (if any) of shareholders of GLP (being persons acting in concert with the GLP Group) and Global Brands Group Holding Limited (being a person presumed to be acting in concert with Fung 1937 under the Takeovers Code, by virtue of its shareholding in Global Brands Group Holding Limited) as soon as practicable after the publication of this announcement.

The Founder Scheme Shares will be cancelled in consideration for the Founder Cancellation Consideration. All other Scheme Shares (being a total of 5,778,319,530 Shares representing approximately 67.67% of the total Shares) will be cancelled in consideration for the Cancellation Price in cash upon the Scheme becoming effective.

The table below sets out the shareholding structure of the Company as at the date of this announcement and immediately following implementation of the Proposal, assuming that there is no other change in the shareholding of the Company before the Effective Date.

| Shareholder   | As at the date of this announcement |                               | Immediately upon the Scheme becoming effective |                               |
|---|-------------------------------------|-------------------------------|--|-------------------------------|
|   | Number of Shares                    | Approximate % of total Shares | Number of Shares                               | Approximate % of total Shares |
| <b>(A) Offeror</b>  | -                                   | -                             | 8,538,926,906                                  | 100%                          |
| <b>(B) Concert parties of the Offeror</b>   |                                     |                               |  |                               |
| <b>(B1) Shares that will be cancelled in consideration for the Founder Cancellation Consideration</b> |                                     |                               |  |                               |
| Victor Fung Kwok King <sup>(1)</sup>  | 2,814,444                           | 0.03%                         | -  | -                             |
| William Fung Kwok Lun <sup>(2)</sup>  | 178,276,060                         | 2.09%                         | -  | -                             |
| SDEL <sup>(3)</sup>   | 1,436,292                           | 0.02%                         | -  | -                             |
| GSL <sup>(3)</sup>  | 26,114,400                          | 0.31%                         | -  | -                             |
| Fung Distribution <sup>(4)</sup>  | 153,225,964                         | 1.79%                         | -  | -                             |
| Fung 1937 <sup>(5)</sup>  | 2,195,727,908                       | 25.71%                        | -  | -                             |
| FIDL <sup>(6)</sup>   | 203,012,308                         | 2.38%                         | -  | -                             |
| <b>Sub-total</b>  | <b>2,760,607,376</b>                | <b>32.33%</b>                 | -  | -                             |
| <b>(B2) Shares that will be cancelled in consideration for the Cancellation Price in cash</b>         |                                     |                               |  |                               |

|  |                      |               |                      |               |
|--|----------------------|---------------|----------------------|---------------|
| SDEL <sup>(7)</sup>  | 48,857,908           | 0.57%         | -                    | -             |
| Spencer Theodore Fung <sup>(8)</sup>   | 5,016,000            | 0.03%         | -                    | -             |
| Chou Siu Mei, Sylvia <sup>(9)</sup>  | 108,800              | 0.00%         | -                    | -             |
| Marc Robert Compagnon <sup>(10)</sup>  | 4,196,400            | 0.05%         | -                    | -             |
| Carol Wang Compagnon <sup>(11)</sup>   | 14,000               | 0.00%         | -                    | -             |
| PSHL <sup>(12)</sup>   | 12,289,780           | 0.14%         | -                    | -             |
| Joseph C. Phi <sup>(13)</sup>  | 6,359,478            | 0.07%         | -                    | -             |
| Jocelyn J. Phi <sup>(14)</sup>   | 38,000               | 0.00%         | -                    | -             |
| Martin Tang Yue Nien <sup>(15)</sup>   | 120,000              | 0.00%         | -                    | -             |
| <b>Sub-total</b>   | <b>77,000,366</b>    | <b>0.90%</b>  | -                    | -             |
| <b>(C) Offeror and its concert parties</b>   |                      |               |                      |               |
| <b>(A) + (B1) + (B2)</b>   | <b>2,837,607,742</b> | <b>33.23%</b> | <b>8,538,926,906</b> | <b>100%</b>   |
| <b>(D) Disinterested Shareholders</b>  |                      |               |                      |               |
| Trustee <sup>(16)</sup>  | 125,901,900          | 1.47%         |                      |               |
| Other Disinterested Shareholders   | 5,575,417,264        | 65.29%        |                      |               |
| <b>Sub-total</b>   | <b>5,701,319,164</b> | <b>66.77%</b> | -                    | -             |
| <b>(E) Shares that will be cancelled in consideration for the Cancellation Price in cash</b> |                      |               |                      |               |
| <b>(B2) + (D)</b>  | <b>5,778,319,530</b> | <b>67.67%</b> | -                    | -             |
| <b>TOTAL</b>   |                      |               |                      |               |
| <b>(A) + (B1) + (B2) + (C) + (D)</b>   | <b>8,538,926,906</b> | <b>100.00</b> | <b>8,538,926,906</b> | <b>100.00</b> |

Note (1): Dr. Victor Fung Kwok King is the Honorary Chairman of the Group, a non-executive Director, and a director of Fung Distribution, Fung 1937 and KLHL.

Note (2): Dr. William Fung Kwok Lun is the Group Chairman, an executive Director and a director of Fung Distribution, Fung 1937 and KLHL. He directly holds 178,276,060 Shares and wholly owns SDEL and GSL. He is also the grantee of 1,168,200 unvested Share Awards which will be accelerated and form part of the Scheme Shares.

Note (3): SDEL and GSL are wholly-owned by Dr. William Fung Kwok Lun.

*Note (4): Fung Distribution is wholly-owned by Fung 1937. Dr. Victor Fung Kwok King and Dr. William Fung Kwok Lun are directors of Fung Distribution.*

*Note (5): Fung 1937 directly holds 2,195,727,908 Shares and wholly-owns Fung Distribution. Fung 1937 is wholly-owned by KLHL which in turn is 50% held by Dr. William Fung Kwok Lun and 50% held by HSBCTL (on trust for the benefit of the family members of Dr. Victor Fung Kwok King). Dr. Victor Fung Kwok King and Dr. William Fung Kwok Lun are directors of Fung 1937.*

*Note (6): FIDL is wholly-owned by HSBCTL (on trust for the benefit of the family members of Dr. Victor Fung Kwok King).*

*Note (7): If the Proposal is implemented, Dr. William Fung Kwok Lun (on the one hand) and Dr. Victor Fung Kwok King and his family members (on the other hand) intend to hold an equal proportion of Shares (indirectly) in the privatised Company. In order to achieve this equal shareholding post-privatisation, it is proposed that 48,857,908 Scheme Share held by SDEL (which is wholly-owned by Dr. William Fung Kwok Lun) will be cancelled in exchange for the Cancellation Price in cash.*

*Note (8): Mr. Spencer Theodore Fung is the Chief Executive Officer of the Group and an executive Director. He is also the grantee of 9,200,000 unvested Share Awards which will be accelerated and form part of the Scheme Shares.*

*Note (9): Ms. Chou Siu Mei, Sylvia is the wife of Dr. William Fung Kwok Lun.*

*Note (10): Mr. Marc Robert Compagnon is a non-executive Director and the grantee of 9,004,600 unvested Share Awards which will be accelerated and form part of the Scheme Shares.*

*Note (11): Ms. Carol Wang Compagnon is the wife of Mr. Marc Robert Compagnon.*

*Note (12): PSHL is wholly owned by a trust of which Mr. Marc Robert Compagnon is the settlor and a beneficiary.*

*Note (13): Mr. Joseph C. Phi is an executive Director and the grantee of 8,810,200 unvested Share Awards which will be accelerated and form part of the Scheme Shares.*

*Note (14): Ms. Jocelyn J. Phi is the wife of Mr. Joseph C. Phi.*

*Note (15): Mr. Martin Tang Yue Nien is an independent non-executive Director.*

*Note (16): The Trustee holds 125,901,900 Trustee Held Shares, of which 119,938,100 will be used to satisfy the unvested Share Awards on vesting and 5,963,800 are to be used to satisfy future grants of Share Awards. Further details are set out in the section headed "Share Awards" below.*

*Note (17): The shareholding percentage in the table is subject to rounding adjustment.*

## **SHARE AWARDS**

As at the date of this announcement:

- (a) there are 119,938,100 granted unvested Share Awards, which entitle their holders to receive from the Trustee a total of 119,938,100 Shares; and
- (b) there are 125,901,900 Trustee Held Shares, of which 119,938,100 can be used to satisfy the unvested Share Awards on vesting and 5,963,800 are to be used to satisfy future grants of Share Awards.

On 21 November 2019, 6,226,000 Share Awards were granted to each of Mr. Spencer Theodore Fung, Mr. Joseph C. Phi and Mr. Marc Robert Compagnon. In order to satisfy the vesting of these Share Awards, the Trustee bought an equivalent number of Shares in the market at a price of HK\$0.9198 per Share.

As at the date of this announcement, 28,183,000 of the unvested Share Awards are held by persons acting in concert with the Offeror, including 1,168,200 held by Dr. William Fung Kwok Lun, 9,200,000 held by Mr. Spencer Theodore Fung, 9,004,600 held by Mr. Marc Robert Compagnon and 8,810,200 held by Mr. Joseph C. Phi.

Under the 2015 Share Awards Scheme, if there is (a) a change in control of the Company; or (b) a privatisation of the Company by way of a scheme or by way of an offer, the Board shall in its sole discretion determine whether the vesting dates of any Share Awards will be accelerated. The Board intends to accelerate the vesting of all unvested Share Awards to the Effective Date.

All of the Trustee Held Shares shall form part of the Scheme Shares and be cancelled upon the Scheme becoming effective. Conditional upon the Scheme becoming effective, the Offeror shall pay the aggregate Cancellation Price for the Trustee Held Shares to the Trustee, which will then pay such amount to the grantees of the Share Awards by reference to the number of Share Awards attributable to such grantees on the Record Date as soon as practicable after receipt by the Trustee of the aggregate Cancellation Price. Any Cancellation Price received by the Trustee in respect of excess Trustee Held Shares that are not attributable to any granted Share Awards shall be paid to the Company. According to the trust deed of the 2015 Share Award Scheme, the Trustee shall not exercise the voting rights attached to the Trustee Held Shares. Accordingly, such 125,901,900 Shares will not be voted at the Court Meeting notwithstanding that such Shares form part of the Scheme Shares.

## **SHARE OPTIONS**

The Company had issued 8,000,000 Share Options, of which 4,000,000 Share Options were held by Mr. Spencer Theodore Fung and the remaining 4,000,000 were held by Mr. Marc Robert Compagnon.

Pursuant to the rules of the 2003 Share Option Scheme, Share Options granted but not exercised may be cancelled by the Company with the consent of the relevant holders of the Share Options.

On 20 March 2020, with the consent of Mr. Spencer Theodore Fung and Mr. Marc Robert Compagnon, the Company cancelled all of the 8,000,000 outstanding Share Options. The Offeror will therefore not be making any offer to the holders of the Share Options pursuant to Rule 13 of the Takeovers Code.

## **REASONS FOR AND BENEFITS OF THE PROPOSAL**

**For the Company: a proposal to facilitate a necessary transformation of the business alongside a highly accomplished partner, amid challenging market conditions.**

In light of digital disruption to the retail industry, the Company has undertaken restructuring efforts to reposition its businesses and to improve its competitive

advantage. Although the Company has implemented a number of strategic changes to adapt to shifting market dynamics, the Company's financial performance has remained under pressure. In addition, economic headwinds, which are expected to continue, are having a significant adverse impact on the Company's business activities.

Despite these ongoing challenges, the Offeror remains committed to the Company's long-term prospects. The Company believes that the transformational efforts it is currently undertaking will require a longer period to carry out deeper restructuring and further investment in technology, infrastructure, and talent. In light of global economic uncertainties, the Company's transformation will involve execution risk and the associated benefits will require a longer time to materialise. The Offeror believes that the transformation of the Company will be more effectively implemented away from the public equity markets. The Offeror plans to contribute financial and operational resources to the Company in order to reinvigorate growth, seek out new business opportunities, and affirm its long term preeminent position in the market.

The Company considers a partnership with GLP, a leading global operator and investor in logistics, real estate, infrastructure, finance and related technologies with a strong track record, to be advantageous. GLP will bring benefits given its global scale, diversified network of customers, and technological competencies. Equally, the Company's global network, well-diversified customer base among global brands and retailers, deep supply chain expertise, and vendor relationships also complement GLP's business. Given the Company and GLP have a shared ambition to establish the digital supply chain of the future, a partnership will be able to leverage their respective strengths in order to realize this common objective.

**For Scheme Shareholders: an attractive opportunity to realize their investment at a compelling premium.**

The Scheme provides an attractive opportunity for the Scheme Shareholders to monetize their Shares at a compelling premium to the current market price of the Company. The Cancellation Price of HK\$1.25 for each Scheme Share represents a premium of approximately 150.0% over the closing price of HK\$0.500 per Share as quoted on the Stock Exchange on the Last Trading Date, and a premium of approximately 95.2% and 62.1% over the average closing price of approximately HK\$0.641 and HK\$0.771 per Share for 30 and 90 trading days up to and including the Last Trading Date, respectively.

**INFORMATION ON THE OFFEROR GROUP**

The Offeror is a company incorporated in the Cayman Islands with limited liability and set up for the implementation of the Proposal. The Offeror is wholly-owned by HoldCo (a company incorporated in the Cayman Islands with limited liability).

HoldCo has two classes of shares: voting shares and non-voting shares. As at the date of this announcement:

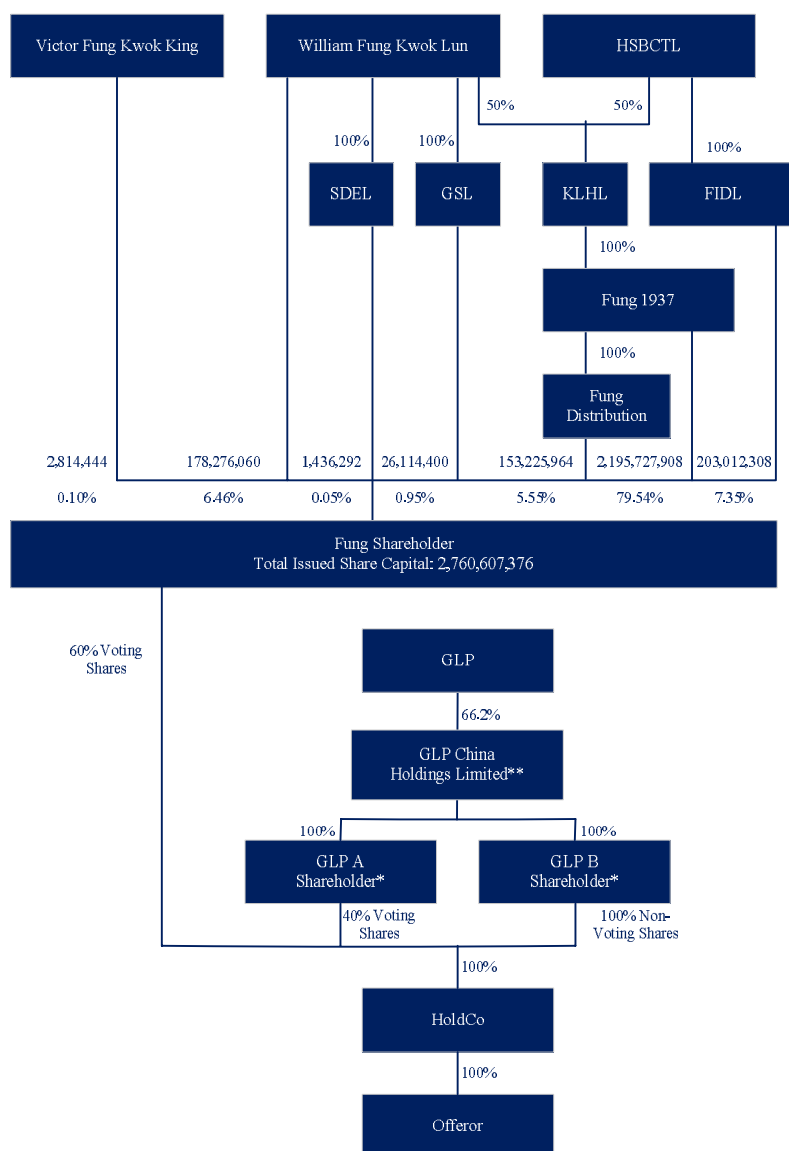
- (a) the Fung Shareholder holds 2,760,607,376 voting shares, which constitute 60% of the voting shares, and 32.33% of the total number of shares in HoldCo;

- (b) the GLP A Shareholder holds 1,840,404,917 voting shares, which constitute 40% of the voting shares, and 21.55% of the total number of shares in HoldCo; and
- (c) the GLP B Shareholder holds 3,937,914,613 non-voting shares, which constitute 100% of the non-voting shares, and 46.12% of the total number of shares in HoldCo.

The Fung Shareholder is a company incorporated in the Cayman Islands with limited liability, which is wholly-owned by the Founder Group.

Information on the GLP A Shareholder and the GLP B Shareholder is set out in the section headed “*Information on the GLP Group*” below.

The chart below sets out the shareholding structure of the Offeror as at the date of this announcement:



\*As at the date of this announcement, each of GLP A Shareholder and GLP B Shareholder is wholly owned by GLP China Holdings Limited.

\*\* As at the date of this announcement, GLP China Holdings Limited is held as to approximately 66.2% by GLP, 30.13% by entities managed or advised by HOPU and 3.65% by employees of GLP.

## **INFORMATION ON THE FOUNDER GROUP**

The Founder Group comprises Dr. William Fung Kwok Lun, Dr. Victor Fung Kwok King, SDEL, GSL, Fung 1937, Fung Distribution and FIDL. SDEL and GSL are wholly-owned by Dr. William Fung Kwok Lun. Fung 1937 and Fung Distribution are indirectly held 50% by Dr. William Fung Kwok Lun and 50% by HSBCTL (on trust for the benefit of the family members of Dr. Victor Fung Kwok King), which in turn also wholly owns FIDL.

Dr. William Fung Kwok Lun joined the Group in 1972 and has over 47 years of experience in the sourcing and supply chain management industry. He is an executive Director and has been the Group Chairman since 2012.

Dr. Victor Fung Kwok King joined the Group in 1973 and has over 46 years of experience in the sourcing and supply chain management industry. He is the Honorary Chairman of the Group and a non-executive Director and was the Group Chairman from 1989 to 2012.

## **INFORMATION ON THE GLP GROUP**

The GLP Group comprises GLP, the GLP A Shareholder and the GLP B Shareholder.

GLP is a leading global operator and investor in logistics, real estate, infrastructure, finance and related technologies. GLP operates across Brazil, China, Europe, India, Japan, and the U.S., and is a leading developer and operator of logistics and warehouse facilities serving manufacturers, retailers, e-tailers and logistics service providers, with a global property portfolio of approximately 62 million square meters. GLP also has approximately US\$89 billion in assets under management in real estate and private equity funds across the world.

As at the date of this announcement, each of GLP A Shareholder and GLP B Shareholder is wholly owned by GLP China Holdings Limited, which is 66.2% owned by GLP. GLP is owned by a consortium comprising: (i) SMG Eastern Limited (which is controlled by Mr. Ming Z. Mei, the chief executive officer of GLP) and its affiliates and entities managed or advised by them (collectively, “**SMG**”); (ii) HOPU Logistics Investment Management Co., Ltd. and its affiliates and entities managed or advised by them (collectively, “**HOPU**”); (iii) Hillhouse Capital Logistics Management, Ltd. and its affiliates and entities managed or advised by them (collectively, “**Hillhouse Capital**”); (iv) Bank of China Group Investment Limited and its affiliates (collectively, “**BOCGI**”); and (v) Vanke Real Estate (Hong Kong) Company Limited and its affiliates (collectively, “**Vanke**”). As at the date of this announcement, each of HOPU, Hillhouse Capital, SMG, BOCGI and Vanke holds approximately 21.0%, 21.1%, 21.0%, 15.7% and 21.2% of GLP, respectively.

## **INFORMATION ON THE GROUP**

The Company is a company incorporated in Bermuda with limited liability, the shares of which have been listed on the Stock Exchange since July 1992.

The Group is recognised as the world’s leader in consumer goods design, development, sourcing and logistics. It specializes in responsibly managing supply chains of high-volume, time-sensitive goods for leading retailers and brands worldwide. The Group is focused on building the supply chain of the future and

accelerating the speed in the supply chain through the development of its digital platform.

## **FINANCIAL ADVISERS, INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Offeror has appointed Morgan Stanley as its financial adviser in connection with the Proposal. The Company has appointed Citi as its financial adviser in connection with the Proposal, and Fung 1937 has appointed Goldman Sachs as its financial adviser in connection with the Proposal.

An Independent Board Committee, which comprises the following non-executive Directors: Ms. Margaret Leung Ko May Yee (chair of the Independent Board Committee), Mr. Allan Wong Chi Yun, Mr. Martin Tang Yue Nien, Mr. Chih Tin Cheung and Mr. John G. Rice, has been established by the Board to make a recommendation to the Disinterested Shareholders as to whether (i) the Proposal, and in particular the Scheme and the Founder Arrangement, is fair and reasonable; and (ii) to vote in favour of the Founder Arrangement at the SGM and the Scheme at the Court Meeting.

Dr. Victor Fung Kwok King, a non-executive Director, does not form part of the Independent Board Committee due to him being a member of the Founder Group. Mr. Marc Robert Compagnon, a non-executive Director, does not form part of the Independent Board Committee due to him being an employee of a subsidiary of Fung 1937.

The Independent Financial Adviser will be appointed by the Board in due course to advise the Independent Board Committee on the Proposal, the Scheme and the Founder Arrangement. A further announcement will be made after the appointment of the Independent Financial Adviser.

The Directors (excluding members of the Independent Board Committee whose views will be given after considering the advice of the Independent Financial Adviser) believe that the Proposal and the Scheme are fair and reasonable and in the interests of the Shareholders as a whole.

## **WITHDRAWAL OF LISTING OF THE SHARES**

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of new Shares being simultaneously issued and credited as fully paid to the Offeror) and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15 of the Listing Rules, with effect immediately following the Effective Date.

The Scheme Shareholders will be notified by way of an announcement of the dates of the last day for dealing in the Shares and the day on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective. A detailed timetable of the implementation of the Proposal will be included in the Scheme Document.



## **IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES**

Subject to the requirements of the Takeovers Code, the Scheme will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. If the Scheme is not approved or the Proposal otherwise lapses, the listing of the Shares on the Stock Exchange will not be withdrawn.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.

If the Independent Board Committee or the Independent Financial Adviser does not recommend the Proposal, and the Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code.

## **OVERSEAS SHAREHOLDERS**

The making and implementation of the Proposal to Scheme Shareholders who are not resident in Hong Kong may be affected by the applicable laws of the relevant jurisdictions. Any Scheme Shareholders who are not resident in Hong Kong should inform themselves about and observe any applicable legal and regulatory requirements in their own jurisdictions.

It is the responsibility of any overseas Scheme Shareholders wishing to take any action in relation to the Proposal to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, compliance with the necessary formalities and the payment of any issue, transfer or other taxes due from such shareholder in such jurisdiction.

Any acceptance by the Scheme Shareholders will be deemed to constitute a representation and warranty from such persons to the Offeror and the Company and their respective advisers, including Morgan Stanley, the financial adviser to the Offeror, that those laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

In the event that the despatch or receipt of the Scheme Document by overseas Scheme Shareholders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the directors of the Offeror or the Company regard as unduly onerous or burdensome (or otherwise not in the best interests of the Offeror or the Company or their respective shareholders), the Scheme Document will not be despatched to such overseas Scheme Shareholders. For that purpose, the Company will apply for a waiver pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. Any such waiver will only be granted if the Executive is satisfied that it would be unduly burdensome to despatch the Scheme Document to such overseas Scheme Shareholders. In granting the waiver, the Executive will be

concerned to see that all material information in the Scheme Document is made available to such Scheme Shareholders.

## **TAXATION ADVICE**

Scheme Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Proposal. It is emphasised that none of the Offeror, persons acting in concert with the Offeror, the Company, Morgan Stanley or any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility (other than in respect of themselves, if applicable) for any taxation effects on, or liabilities of, any other persons as a result of their acceptance or rejection of the Proposal.

## **DESPATCH OF THE SCHEME DOCUMENT**

A Scheme Document including, among other things, further details of the Proposal, the Scheme and the Founder Arrangement, an explanatory statement as required under the Companies Act, the expected timetable relating to the Proposal, the recommendations of the Independent Board Committee, the letter of advice from the Independent Financial Adviser and notices of the Court Meeting and the SGM will be despatched to the Scheme Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code and applicable laws and regulations.

The Scheme Document will contain important information and the Scheme Shareholders are urged to read the Scheme Document carefully before casting any vote at (or providing any proxy in respect of) the Court Meeting or the SGM.

## **DISCLOSURE OF DEALINGS**

The respective associates (as defined in the Takeovers Code) of the Offeror, the Founder Group, the GLP Group and the Company, including shareholders holding 5% or more of any class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of each of the foregoing, are hereby reminded to disclose their dealings in the relevant securities of the Company.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

*“Responsibilities of stockbrokers, banks and other intermediaries*

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

## DEFINITIONS

|                            |   |
|----------------------------|---|
| “2003 Share Option Scheme” | the share option scheme adopted by the Company on 12 May 2003   |
| “2015 Share Award Scheme”  | the share award scheme adopted by the Company on 21 May 2015  |
| “acting in concert”        | has the meaning given to it in the Takeovers Code, and “persons acting in concert” shall be construed accordingly   |
| “Applicable Laws”          | with respect to any person, any laws, rules, regulations, guidelines, directives, treaties, judgements, decrees, orders or notices of any Authority that is applicable to such person   |
| “Approvals”                | licenses, approvals, permits, consents, permissions, clearances and registrations   |
| “Authority”                | any relevant government, administrative or regulatory body, or court, tribunal, arbitrator or governmental agency or authority or department (including any relevant securities exchange) and whether supranational, national, regional or local  |
| “Board”                    | the board of Directors  |
| “Cancellation Price”       | the cancellation price of HK\$1.25 per Scheme Share   |
| “Citi”                     | Citigroup Global Markets Asia Limited (花旗環球金融亞洲有限公司), a company incorporated in Hong Kong with limited liability and licensed under the SFO to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities, and financial adviser to the Company in connection with the Proposal |
| “Companies Act”            | the Companies Act 1981 of Bermuda   |
| “Company”                  | Li & Fung Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are currently listed on the Main Board of the Stock Exchange (stock code: 0494)  |
| “Condition(s)”             | the condition(s) to the Proposal as set out in the section headed “ <i>Conditions of the Proposal</i> ” of this announcement  |

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| “Consortium Agreement”       | the consortium agreement dated 20 March 2020 entered into between Fung 1937, the Fung Shareholder and the GLP Group  |
| “Court”                      | the Supreme Court of Bermuda   |
| “Court Meeting”              | a meeting of the Scheme Shareholders to be convened at the direction of the Court at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof  |
| “Despatch Date”              | the date of despatch of the Scheme Document  |
| “Directors”                  | the directors of the Company   |
| “Disinterested Shareholders” | all of the Scheme Shareholders: <ul style="list-style-type: none"> <li>(a) excluding any Scheme Shareholders acting in concert with the Offeror (which, for the avoidance of doubt, shall include each member of the Founder Group and any other Scheme Shareholder who is interested or involved in the Founder Arrangement); but</li> <li>(b) including those Scheme Shareholder who are members of the Morgan Stanley group and who are exempt principal traders for the purposes of the Takeovers Code, provided that no such members shall be entitled to vote at the Court Meeting to approve the Scheme or at the SGM to approve the Founder Arrangement; and</li> <li>(c) including the Trustee, provided that the Trustee shall not exercise the voting rights attached to the Trustee Held Shares</li> </ul> |
| “Effective Date”             | the date on which the Scheme becomes effective in accordance with the Companies Act  |
| “Executive”                  | the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegate of the Executive Director   |
| “FIDL”                       | First Island Developments Limited, a company incorporated in the British Virgin Islands with limited liability   |

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|--------------------------------------|--|
| “Founder Arrangement”                | <p>(a) the Founder Scheme Shares held by the Founder Group being cancelled in consideration for the Founder Cancellation Consideration; and</p> <p>(b) the entry by the relevant members of the Founder Group and the GLP Group into the Shareholders’ Agreement</p>   |
| “Founder Cancellation Consideration” | the consideration to be received by members of the Founder Group for the cancellation of their Founder Scheme Shares under the Scheme, being the crediting of the unpaid Fung Shareholder Shares held by them in the Fung Shareholder as being fully paid in the amount of the Cancellation Price per Fung Shareholder Share pursuant to the terms of the Founder Irrevocable Undertakings |
| “Founder Group”                      | Dr. William Fung Kwok Lun, Dr. Victor Fung Kwok King, SDEL, GSL, Fung 1937, Fung Distribution and FIDL   |
| “Founder Irrevocable Undertakings”   | the irrevocable undertakings given by each member of the Founder Group in respect of the Founder Scheme Shares held by them as described in the section headed “ <i>Founder Irrevocable Undertakings</i> ”   |
| “Founder Scheme Shares”              | the Scheme Shares held by the Founder Group less 48,857,908 Scheme Shares held by SDEL   |
| “Fung 1937”                          | Fung Holdings (1937) Limited, a company incorporated in Hong Kong with limited liability   |
| “Fung Distribution”                  | Fung Distribution International Limited, a company incorporated in the British Virgin Islands with limited liability   |
| “Fung Shareholder”                   | New Era Investments Limited, a company incorporated in the Cayman Islands with limited liability, which holds 60% of the voting shares (but no non-voting shares) and 32.33% of the total shares in HoldCo (which in turn holds 100% of the shares in the Offeror)   |
| “Fung Shareholder Shares”            | the entire issued share capital of the Fung Shareholder, being 2,760,607,376 unpaid shares   |
| “GLP”                                | GLP Pte. Ltd., a company incorporated in Singapore with limited liability  |
| “GLP A Shareholder”                  | GLP Golden Lincoln A Holdings Limited, a company incorporated in the Cayman Islands with limited liability   |

|                                 |  |
|---------------------------------|--|
| “GLP B Shareholder”             | GLP Golden Lincoln B Holdings Limited, a company incorporated in the Cayman Islands with limited liability   |
| “GLP Group”                     | GLP, GLP A Shareholder and GLP B Shareholder   |
| “GLP Shareholders”              | GLP A Shareholder and GLP B Shareholder  |
| “Goldman Sachs”                 | Goldman Sachs (Asia) L.L.C., a company incorporated in Delaware with limited liability and licensed under the SFO to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, and financial adviser to Fung 1937 in connection with the Proposal |
| “Group”                         | the Company and its subsidiaries   |
| “GSL”                           | Golden Step Ltd, a company incorporated in Liberia with limited liability  |
| “HK\$”                          | Hong Kong dollars, the lawful currency of Hong Kong  |
| “HoldCo”                        | Golden Lincoln Holdings II Limited, a company incorporated in the Cayman Islands with limited liability  |
| “Hong Kong”                     | the Hong Kong Special Administrative Region of the People’s Republic of China  |
| “HSBCTL”                        | HSBC Trustee (C.I.) Limited, a company incorporated in Jersey with limited liability   |
| “Implementation Agreement”      | the agreement entered into between the Offeror and the Company on 20 March 2020 pursuant to which the parties have agreed to pursue the Proposal   |
| “Independent Board Committee”   | the independent board committee of the Company comprising the following non-executive Directors: Ms. Margaret Leung Ko May Yee, Mr. Allan Wong Chi Yun, Mr. Martin Tang Yue Nien, Mr. Chih Tin Cheung and Mr. John G. Rice   |
| “Independent Financial Adviser” | the independent financial adviser which will be appointed to advise the Independent Board Committee on the Proposal, the Scheme and the Founder Arrangement  |
| “KLHL”                          | King Lun Holdings Limited, a company incorporated in the British Virgin Islands with limited liability   |

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|---------------------|---|
| “Last Trading Date” | 20 March 2020, being the last day on which Shares were traded on the Stock Exchange prior to the publication of this announcement   |
| “Listing Rules”     | The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited  |
| “Long Stop Date”    | 30 September 2020   |
| “Morgan Stanley”    | Morgan Stanley Asia Limited, a company incorporated in Hong Kong with limited liability and licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, and the financial adviser to the Offeror in connection with the Proposal |
| “Offeror”           | Golden Lincoln Holdings I Limited, a company incorporated in the Cayman Islands with limited liability  |
| “Offeror Group”     | HoldCo, the Offeror and the Offeror’s subsidiaries (which will include the Group upon the Scheme becoming effective)  |
| “Proposal”          | the proposal for the privatisation of the Company by the Offeror by way of the Scheme, on the terms and subject to the conditions as described in this announcement   |
| “PSHL”              | Profit Snow Holdings Limited, a company incorporated in the British Virgin Islands with limited liability   |
| “Record Date”       | the record date to be announced for determining entitlements of the Scheme Shareholders under the Scheme  |
| “Scheme”            | the scheme of arrangement to be proposed under section 99 of the Companies Act for the implementation of the Proposal   |
| “Scheme Document”   | the composite scheme document (which shall contain, among other things, further details of the Proposal), the accompanying proxy forms and notices of the Court Meeting and the SGM, to be despatched by the Offeror and the Company to all Scheme Shareholders on the Despatch Date as required by the Takeovers Code  |



|                           |  |
|---------------------------|--|
| “Scheme Shareholders”     | the registered holders of the Scheme Shares as at the Record Date  |
| “Scheme Shares”           | the Shares in issue on the Record Date   |
| “SDEL”                    | Step Dragon Enterprise Limited, a company incorporated in the British Virgin Islands with limited liability  |
| “SGM”                     | a special general meeting of the Company to be convened for the purposes of passing all necessary resolutions for, among other things, the implementation of the Scheme  |
| “Share(s)”                | the ordinary share(s) of HK\$0.0125 each in the issued share capital of the Company  |
| “Share Awards”            | the share awards granted under the 2015 Share Awards Scheme from time to time  |
| “Share Options”           | the outstanding share option(s) granted under the 2003 Share Option Scheme   |
| “Shareholder(s)”          | the registered holder(s) of the Shares   |
| “Shareholders’ Agreement” | the Shareholders’ Agreement dated 20 March 2020 entered into between Fung 1937, the Fung Shareholder, the GLP Group and HoldCo (the key terms of which are further described in the section headed “ <i>Shareholders’ Agreement</i> ”) |
| “Stock Exchange”          | The Stock Exchange of Hong Kong Limited  |
| “Takeovers Code”          | the Hong Kong Code on Takeovers and Mergers  |
| “Trustee”                 | Computershare Hong Kong Trustees Limited, a company incorporated in Hong Kong with limited liability, which holds Shares for the benefit of grantees of the 2015 Share Award Scheme  |
| “Trustee Held Shares”     | existing Shares held by the Trustee  |
| “US” or “United States”   | United States of America   |

By order of the board of directors of  
**GOLDEN LINCOLN HOLDINGS I  
LIMITED**

*Mr. Spencer Theodore Fung*  
Director

By order of the Board of  
**LI & FUNG LIMITED**

*Dr. William Fung Kwok Lun*  
Group Chairman

Hong Kong, 20 March 2020

*As at the date of this announcement, the directors of the Offeror are Mr. Spencer Theodore Fung and Mr. Tan Mark Hai-Nern.*

*The directors of the Offeror accept full responsibility for the accuracy of the information contained in this announcement (other than any information relating to the Group, the Founder Group and the GLP Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Group, the Founder Group and the GLP Group) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.*

*As at the date of this announcement, the Executive Directors of the Company are Dr. William Fung Kwok Lun (Group Chairman), Mr. Spencer Theodore Fung (Group Chief Executive Officer) and Mr. Joseph C. Phi; the Non-Executive Directors are Dr. Victor Fung Kwok King (Honorary Chairman) and Mr. Marc Robert Compagnon; and the Independent Non-Executive Directors are Ms. Margaret Leung Ko May Yee, Mr. Allan Wong Chi Yun, Mr. Martin Tang Yue Nien, Mr. Chih Tin Cheung and Mr. John G. Rice.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than any information relating to the Offeror, the Offeror's financial adviser, the Founder Group and the GLP Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Offeror, the Offeror's financial adviser, the Founder Group and the GLP Group) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.*

*As at the date of this announcement, the sole director of the Fung Shareholder is Mr. Spencer Theodore Fung.*

*The director of the Fung Shareholder, Dr. William Fung Kwok Lun and Dr. Victor Fung Kwok King accept full responsibility for the accuracy of the information contained in this announcement (other than any information relating to the Group and the GLP Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Group and the GLP Group) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.*

*As at the date of this announcement, the chief executive officer of GLP is Mr. Ming Z. Mei and the directors of GLP are Mr. Tan Mark Hai-Nern, Mr. Stephen Kent Schutte and Mr. Wee Hsiao Chung Paul.*

*As at the date of this announcement, the sole director of the GLP A Shareholder and the GLP B Shareholder is Mr. Tan Mark Hai-Nern.*

*The chief executive officer of GLP and the directors of GLP, the GLP A Shareholder and the GLP B Shareholder accept full responsibility for the accuracy of the information contained in this announcement (other than any information relating to the Group and the Founder Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Group and the Founder Group) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.*

**SIGNED and DELIVERED as a DEED**

Yours faithfully,

**SIGNED, SEALED  
and DELIVERED by  
William FUNG Kwok Lun**

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)  
)  
)  
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)



A handwritten signature in blue ink, appearing to be 'William Fung Kwok Lun', written over a horizontal line.

in the presence of:

Witness –

Signature

: A handwritten signature in blue ink, appearing to be 'Laurence Rudge', written over a horizontal line.

Name

: LAURENCE RUDGE

Title/occupation

: SOLICITOR

Address

: 6/F LIFUNG TOWER  
: 888 CHEUNG SHA WAN ROAD  
: KOULUON, HONG KONG